



California
Department of
Health Services

SANDRA SHEWRY
Director

AUG 28 2006

State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

Mr. Steve Rubio
Center for Medicaid and State Operations
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
7500 Security Boulevard, Mail Stop S2-01-06
Baltimore, MD 21244-1850

SPECIAL TERMS AND CONDITIONS — NEW ATTACHMENT “G”

Dear Mr. Rubio:

This is a request to add a new Attachment “G” to the Special Terms and Conditions (STCs) of California’s section 1115 *Medi-Cal Hospital/Uninsured Care Demonstration* (No. 11-W-00193/9).

The California Legislature enacted Senate Bill 1448 (Chapter 76, Statutes of 2006) in July 2006 to provide the statutory framework for the Health Care Coverage Initiative (Coverage Initiative). In accordance with STCs Item 44, the enclosed Attachment G reflects the structure, eligibility, and benefits of the Coverage Initiative that was codified in Part 3.5 (commencing with Section 15900) to Division 9 of the Welfare and Institutions Code.

If you have any questions, please contact Ms. Sunni Burns, Chief, Medi-Cal Operations Division, at (916) 552-9115, or Ms. Nancy Hutchison, Chief, Field Operations Branch, at (916) 552-9154.

Sincerely,

Stan Rosenstein
Deputy Director
Medical Care Services

Enclosure

AUG 28 2006

cc: Ms. Linda Minamoto
Associate Regional Administrator
Division of Medicaid & Children's Health
Centers for Medicare & Medicaid Services, Region IX
Department of Health and Human Services
72 Hawthorne Street, Suite 408
San Francisco, CA 94105

Ms. Sunni Burns, Chief
Medi-Cal Operations Division
California Department of Health Services
1501 Capitol Avenue, MS 4500
P. O. Box 997419
Sacramento, CA 95899-7419

Ms. Nancy Hutchison, Chief
Field Operations Support Branch
Medi-Cal Operations Division
California Department of Health Services
1501 Capitol Avenue, MS 4504
P. O. Box 997419
Sacramento, CA 95899-7419

Ms. Donnata Moreland, Chief
Hospital/Uninsured Care Demonstration Section
Medi-Cal Operations Division
California Department of Health Services
1501 Capitol Avenue, MS 4506
P. O. Box 997419
Sacramento, CA 95899-7419

J. W. Whitsett, Esq.
Senior Counsel
Office of Legal Services
California Department of Health Services
1501 Capitol Avenue, MS 0010
P. O. Box 997413
Sacramento, CA 95899-7413

Valla Hoffman, Esq.
Senior Counsel
Office of Legal Services
California Department of Health Services
1501 Capitol Avenue, MS 0010
P. O. Box 997413
Sacramento, CA 95899-7413

Attachment G

Health Care Coverage Initiative

This Attachment G amends the *Medi-Cal Hospital/Uninsured Care Demonstration* (Demonstration), (11-W-00193/9), and meets the requirements of Item 44 of the Special Terms and Conditions by describing the structure, eligibility and benefits for the Health Care Coverage Initiative (Coverage Initiative) authorized under the Demonstration. Under the Coverage Initiative, California will expand health care coverage for eligible low-income, uninsured individuals utilizing the \$180 million per year in Federal funds available in years three, four, and five of the Demonstration.

The California Legislature enacted Senate Bill (SB) 1448 (Stats. 2006, ch. 76) to provide the statutory framework to allow California to develop, implement and administer the Coverage Initiative. Under the Coverage Initiative, eligible low-income, uninsured individuals will be enrolled in selected health care coverage programs offered throughout the State. Health care coverage programs must be designed and implemented to achieve all of the following outcomes:

- Expand the number of Californians who have health care coverage.
- Strengthen and build upon the local health care safety net system, including disproportionate share hospitals, county clinics, and community clinics.
- Improve access to high quality health care and health outcomes for individuals.
- Create efficiencies in the delivery of health services that could lead to savings in health care costs.
- Provide grounds for long-term sustainability of the programs funded under the Coverage Initiative.
- Implement programs in an expeditious manner in order to meet Federal requirements regarding the timing of expenditures.

I. Program Structure

The State will issue a "Request for Applications" to potential applicants who are eligible to seek allocations of available Federal funds under the Coverage Initiative. The process for allocation will include all of the following:

1. Applicants for funding may be a county, a city and county, a consortium of more than one county, or a health authority. The State will accept no more than one application from each entity.

2. The State will select at least five health care coverage programs for funding allocations, and may fund all or a portion of the amount requested in an application. The State must select the health care coverage programs that best meet the above-listed outcomes, while seeking to balance the allocations throughout geographic areas of the State.
3. Allocate \$180 million of available Federal funding each Demonstration Year. No single health care coverage program will receive an allocation greater than 30 percent of the total Federal allotment of \$180 million each Demonstration Year. Taking into account the 17.79 percent reduction, it is estimated that, in the aggregate, the health care coverage programs must have expenditures equal to approximately \$440 million per year in order for the State to claim the \$180 million in federal funds.
4. Determine the expenditure schedule for each selected applicant. If a health care coverage program is unable to meet its spending target at the end of the second quarter of each Demonstration Year, the State may reallocate funds to other selected health care coverage programs. The State also may reallocate funds to other applicants that were not previously selected for funding.
5. Select applicants for a funding allocation who demonstrate in their applications that the health care coverage program has the following elements:
 - Enrollment processes, with an identification system to demonstrate enrollment of eligible low-income, uninsured individuals into the program.
 - Use of a medical records system, which may include electronic medical records.
 - Designation of a medical home and assignment of eligible low-income, uninsured individuals to a primary care provider. "Medical home" is a designation and assignment of eligible individuals to a primary care provider, which is a provider from which the enrollee can access primary and preventive care. The "medical home" must maintain all of an eligible individual's medical information.
 - Provision of a benefit package of services, that includes the benefits in Section III, below.
 - Quality monitoring processes to assess the health care outcomes of eligible low-income, individuals enrolled in health care coverage programs.
 - A system to promote the use of preventive services and early intervention.
 - The provision of care to Medi-Cal beneficiaries by the applicant and the degree to which the applicant coordinates its care in the proposed health care coverage program.
 - Screening and enrollment processes for eligible low-income, uninsured individuals who may qualify for enrollment into the Medi-Cal program, the Health Families Program, or the Access for Infants and Mothers Program.

- The ability to demonstrate how the health care coverage program will promote the viability of the existing safety-net health care system.
- Documentation to support the applicant's ability to implement the health care coverage program by September 1, 2007, and to use its allocation for each Demonstration Year.
- Explanation of how the health care coverage program will provide consumer assistance to eligible low-income, uninsured individuals applying to, participating in, or accessing services in the program.

II. Eligibility

Those eligible to be enrolled in a health care coverage program funded under the Coverage Initiative are low-income, uninsured individuals who are not currently eligible for the Medi-Cal program, the Healthy Families Program, or the Access for Infants and Mothers program. All low-income, uninsured individuals will be screened to determine eligibility for Medi-Cal, Healthy Families or Access for Infants and Mothers programs, and will be enrolled in those programs, if eligible.

III. Benefits

Eligible low-income, uninsured individuals enrolled in a health care coverage program will have access to a benefit package of services, including preventive and primary care services, as well as care management services, designed to treat individuals with chronic health care conditions, mental illness, or who have high costs associated with their medical conditions, in order to improve their health and decrease future costs. Benefits also may include case management services.

IV. Other Requirements

The Coverage Initiative also will be governed by the following requirements:

- That access to health care that is available for other low-income, uninsured individuals will not diminish as a result of the implementation of the Coverage Initiative, including access through disproportionate share hospitals, county clinics, or community clinics.
- The Coverage Initiative is not an "entitlement program."

- The local funds that comprise the non-Federal share of the total expenditures certified must be from an appropriate source of local funds. The source of funds utilized must not include other Federal funds, or impermissible provider taxes or donations, as defined under section 1903(w) of the Social Security Act, and applicable Federal regulations.
- Federal funds provided under the Coverage Initiative must supplement, and not supplant, any county, city and county, health authority, State, or Federal funds that would otherwise be spent on health care services in the county, city and county, consortium of counties, or health authority.
- Administrative costs associated with the development and management of the health care coverage programs may not be paid from the program allocation.¹

¹ Applicants may claim administrative activities under the Medi-Cal Administrative Activities (MAA) program, if qualified (Welfare & Institutions Code § 14132.47).